

In the Matter of)	No. G 98 - 14
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
PACIFIC NORTHWEST TITLE)	AND ORDER ADOPTING REPORT
INSURANCE COMPANY,)	
)	
A Domestic Title Insurer.	_____	

BACKGROUND

An examination of the financial condition of **PACIFIC NORTHWEST TITLE INSURANCE COMPANY** (the Company) as of December 31, 1995, was conducted by examiners of the Washington state Office of the Insurance Commissioner (OIC). The company holds a Washington certificate of authority as a title insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and comments and recommendations was transmitted to the Company for its comments on March 19, 1997.

The Commissioner or a designee has considered the report, the relevant portions of the examiner's work papers, and submissions by the Company. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 2 through 11 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **PACIFIC NORTHWEST TITLE INSURANCE COMPANY** and to order the company to take the actions described in the Instructions and Comments and Recommendations sections of the report.

ORDER

The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Comments and Recommendations contained in the examination report on pages 1 and 2:

1. The Company is instructed to reclassify paid in capital to capital stock in order to correctly report the amount of issued and outstanding capital stock.
2. The Company is instructed to update its tri-party depositary agreement that was originally executed on October 28, 1970, to properly reflect the legal name of the Company and its depositary bank.
3. The Company is instructed to comply with WAC 284-07-060 concerning actuarial certification of its reserves.
4. It is recommended that the Company consistently follow NAIC instructions in the preparation of its annual statements.
5. It is recommended that the Company disclose the compensation of its five highest paid employees, regardless of amount of compensation.
6. It is recommended that the Company maintain in its offices a current copy of its bylaws and file a restated copy of its bylaws with its holding company statement.
7. It is recommended that the Company report federal income tax receivables as an asset, not as a reduction of its federal income tax liability.
8. It is recommended that the Company establish and enforce a conflict of interest policy that requires annual disclosure by directors, officers, and key employees of potential conflicts.
9. It is recommended that the Company file with the Commissioner a schedule

explaining the differences between account balances reported in filed annual statements and account balances shown in the independent CPA's report for the Company.

ENTERED at Lacey, Washington, this 25th day of February, 1998.

DEBORAH SENN
Insurance Commissioner

By:

JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division